M/023/007

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FAX TRANSMISSION COVER SHEET

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Date:	***May 19, 2000***
Time:	***11:50 A.M.***
To:	***Ms. Mary Ann Wright*** ***Utah Division of Oil Gas and Mining***
Fax:	***359-3940***
Subject:	***Proposal to Modify Enhanced Evaporation System at North Lily Mining Company's Silver City, Utah Facility***
From:	***Robert J. Bayer***

YOU SHOULD RECEIVE __4__ PAGE(S), INCLUDING THIS COVER SHEET. IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL (801) 943-4144

The original proposal will be mailed to you today, May 19, 2000.

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May 19, 2000

Via Fax
(801) 538-6016
(w/ attach.)

Mr. Don Ostler, P.E.
Director
Utah Division of Water Quality
288 North 1460 West
P.O. Box 144870
Salt Lake City, Utah 84114-4870

Ms. Mary Ann Wright
Associate Director of Mining
Utah Division of Oil Gas and Mining
PO Box 145801
Salt lake City, Utah 84114-5801

RE: Proposal to Modify Enhanced Evaporation System at North Lily Mining Company's Silver City, Utah Facility

Dear Mr. Ostler and Ms. Wright:

The first teleconference to review closure work and scheduling for the subject project was held on Tuesday, May 16, 2000. Participants in the conference call included: Messrs. Stephen Flechner and Gene Webb of North Lily Mining Company; Ms. Mary Ann Wright, Mr. Wayne Hedburg, Mr. Doug Jensen, and Mr. Tom Munson of the Division of Oil Gas and Mining (DOGM); Ms. Beth Wondimu of the Division of Water Quality (DWQ); Mr. Walt Shubert, Closure Project Supervisor and Bob Bayer, Project Manager of JBR Environmental Consultants, Inc. During that conversation, the slope failure at the pad margin evaporation system was discussed. The enhanced evaporation system had been placed at the pad margin because DOGM, DWQ and North Lily wanted to limit recirculation of fluids on the pad. The failure occurred as the result of over-saturation of the side slope which, as it turned out, had a high content of fine-grained leached ore. The enhanced evaporation system was shutdown immediately and the enhanced evaporation line was moved to a point further up on the heap and well away from any danger of further over saturation of the pad margin.

As a result of this occurrence, Mr. Shubert proposed that two separate additional enhanced evaporation systems be installed as soon as possible, one each in the barren and overflow

solution ponds. These systems would expand the evaporation capacity immediately and would later be replaced by the proposed in-pond system in the pregnant pond when the water balance is reduced to appropriate levels. High-volume fog emitters would be used, as previously proposed. Each system would consist of three or four-inch polyethylene pipes with emitters spaced at no less than 15-foot intervals. The emitter array would be placed just above the current pond water level, and would encompass all or part of the pond circumference at that level in each pond.

These emitter systems would allow drain down in as short a period of time as conditions within the heap would allow. This, in turn, would enable regrading of the heap to begin much sooner than if the evaporation system on top of the leach pad were the immediate means of evaporating excess fluids.

Three emitter arrays will initially be operated: one on the heap and one each in the barren and overflow ponds. The current pump will be used to operate the system on the heap and a second used pump will pump water from the pregnant pond to the other two emitter systems located in the other ponds. Small "trash" pumps will be placed in each of the barren and overflow ponds and will be used to pump water from these ponds back to the pregnant pond in order to maintain water levels in these ponds at no higher than the current levels.

Both the barren and overflow ponds have been holding water derived either from precipitation or remaining from past operating practices for some time (over three years, based on available photographic evidence alone). Furthermore, each pond has a composite secondary liner consisting of 30 mil PVC over a thick, compacted clay layer. Accordingly, it appears unlikely that the ponds will leak at an appreciable rate so long as the water levels are maintained at or below current levels. In addition, the depth to ground water beneath the pads is several hundred feet. Therefore, the risk of groundwater contamination resulting from the temporary use of these ponds in the proposed manner is very low and is certainly outweighed by the advantages.

In order for these systems to operate as described, automated or manual controls, or both, will be required to ensure that water levels in the barren and overflow ponds are not raised above current levels and that progress on reducing the water level in the pregnant pond continues. At a minimum, all pumps and water levels will be checked twice daily in the early morning and late afternoon or evening.

As previously proposed, when the pregnant pond level is lowered sufficiently, the liner will be patched, the seals will be checked using a vacuum box, and the leak detection sump will be pumped out and then monitored to assess compliance of the pond with DMT. When the barren and overflow ponds are emptied of water, they will then be out of service and ready for closure in accordance with the approved reclamation plan. At that time the pregnant pond's enhanced evaporation system will be installed and operational.

North Lily requests that both Divisions review and consider this proposal as soon as possible so that the maximum total evaporation rate can be achieved as soon as possible. Please contact the undersigned or Mr. Shubert with any questions you may have regarding this proposal.

Sincerely,

Robert J. Bayer
Vice President

cc: Dennis Frederick, DWQ
Fred Pehrson, DWQ
Beth Wondimu, DWQ
Mary Ann Wright, Division of Oil Gas and Mining
Stephen Flechner, North Lily Mining Company
Gene Webb, North Lily Mining Company
Mike Keller, VanCott Bagley
Walt Shubert, Closure Project Supervisor